

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairperson Bill Mason at 3:39 p.m. on February 5, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Troy Findley - E

Committee staff present:

April Holman, Research  
Bob Nugent, Revisor  
Renaë Jefferies, Revisor  
Rose Marie Glatt, Secretary

Conferees appearing before the committee:

Lt. Governor/Secretary Gary Sherrer  
Stan Butler, Technology Project Manager, KDOC&H

Others attending:

See attached list

Representative Aday moved, seconded by Representative Osborne that the January 29, 2002 minutes be approved. The motion carried.

The Chairman advised the Committee of the invitation to join the e-Gov Committee next Tuesday, February 12, in room 313-S at 3:30 for an update and status report on the progress of KAN-ED. He encouraged members to attend. He also informed the Committee of the Teleconference on "Venture Capital as an Economic Development Tool" that will be available on February 25 at 1:00. Call the Chairman if additional information is needed.

Secretary Sherrer presented an overview of the activities of the Department of Commerce and Housing. Copies of the Fiscal Year 2001 Annual Report and packets containing the latest issue of *Kansas* and *2002 Gateway Guide* were distributed to members (Copies on file at KDOC&H). He reviewed the activities and statistics on the following programs: Business, Agriculture Products, Community, Trade, Housing and Travel and Tourism Development. He discussed the declining budget figures from 2000 through the projection for 2003 and its effects. He stated that upon perusal of KDOC&H's annual report, he and his staff would be available to answer questions.

Secretary Sheerer spoke about the issue of the term of "Corporate Welfare" being applied to some of the Department's programs. He stated that to enable staff to explain the value of their programs those persons need to provide the names or specific activities of programs to which they refer.

He spoke of the success of Kansas in the field of Economic Development. He referred to the misinformation quoted in the Small Business Survival Group and provided data from reports that ranked Kansas much higher regarding workforce training and development and completed business projects completed in the last year.

Stan Butler gave a PowerPoint presentation of the Department's Web Page that was launched August 2001 (Attachment 1).

Discussion followed on the ROI for Economic Development dollars, changes being made in the process of data collection and analysis to determine that rate, and the importance of understanding the federal rules and regulations that govern signage for local attractions.

Representative Huebert questioned the Secretary on the internal processes when KDOC&H evaluates various proposals. He stated that he believed that the process, whenever possible, should be an open public record. He had recently talked with a constituent that was upset over the denial of an application and experienced difficulty in finding out any details regarding that application. After talking with a staff

## CONTINUATION SHEET

member of KDOC&H Representative Huebert stated he understood there may have been parts of the required information that had not been received, but he would continue to work with KDOC&H and his constituent to reach a favorable outcome. He added that he believed that people should be able to find out why their applications were denied and what they could do to achieve success in receiving grants in the future. Secretary Sherrer stated that it was a complex issue and the law states that they can protect confidential information. He stated that usually staff members are excellent in working through the weaknesses on the applications and he gave examples of staff going directly to communities to help with the process. The most difficult applications are the grants to individual businesses as opposed to municipalities.

Secretary Sherrer asked the Committee to introduce the following five bills (Attachment 2) in the New Economy Committee. They involve: (1) Sale of Tax Credits, (2,3,4) Clean-Up Language regarding investment tax credits and (5) one bill concerning Double Enterprise Zone tax credits and Tax Credits. The bills are currently being drafted.

Representative Cox moved, seconded by Representative Aday, that the bills be introduced in the New Economy Committee. The motion carried.

Representative Kuether moved that a conceptual bill be introduced regarding IMPACT to change the current threshold of 1,000 employees and 250 million dollars in investment to a threshold of 250 number of employees and \$50 million dollars in investments. It was seconded by Representative Long and the motion carried.

Representative Kuether moved the introduction of a conceptual bill that would create a redevelopment zone, from access property owned by the state, that would be exempt of all state and local taxes for a period of ten years. It was seconded by Representative Long. The motion carried. The purpose of the bill is to enable new firms time to become established and profitable.

Chairman Mason moved that a conceptual bill be introduced that would require that the funding for the proposed tunnel connecting the state complex be approved through the appropriations process. Hearing no objections the bill will be requested.

Discussion followed regarding the source and intended use of ISTEA (Inter-modal Surface Transportation Efficiency Act) funds and who has the authority to determine how those dollars are spent. Extra costs to the state beyond the ISTEA funds were described.

The next meeting will be announced. Committee members that served on the interim committee were reminded to pick up their notebooks this week as the material will be recycled soon.

The meeting adjourned at 4:38 p.m.

ECONOMIC DEVELOPMENT  
COMMITTEE GUEST LIST

DATE: Feb 5, 2002

NAME	REPRESENTING
Galen Weiland	Donipha Co ED
B Brown	KTEC
Roi Rost	KTEC
Dorey Kinsinger	Greater Topeka Chamber
Andy Shaw	Kearney Law Office
STEVE KARNIA	BOONVILLE TIRE & RUBBER
Christy A Caldwell	Topeka Chapter of Com
John Butler	KDOCH
Jeffrey Conrad	KDOCH
Randy Speaker	KDOCH
Carlos Alberto Manso	Intern w/ Ray Cox
Bill Thompson	KDOCH
John Waters	"
Brenda Owens	"
Sally Lunsford	"
Jeff Meyer	"
Connie Fischer	"
PaeAnne Davis	KDOLH
NED WEBB	KDOCH
FRED L. SCHWIEN	KDOCH
Stephanie Buchanan	DOB

Mr. Chairman and New Economy Committee Members...

The new site:

Launched near the end of August 2001.

Rather than dictate what our customers were going to get from our web site, we asked our customers what they wanted.

Six (6) primary concepts came from customer feedback:

1. Organize the site and its navigation for both new and existing customers  
According to our core offerings (Grants, Loans, Services) - New  
Along the more traditional Division lines - Existing
2. Added search capabilities.
3. Provide "fresh"/current content  
Secure applications behind the scenes allow program managers to maintain their own part of the web site and communicate with their customer-base more directly.  
Program specific information  
News  
Events  
Case Studies  
Related web sites  
Related KDOC&H programs  
Legislative update  
Research and statistics more available  
Career opportunities
4. Standardize program-related content.
5. Make documents, forms, and publications available on our web site (Steps to Success, for example, which is a resource guide to starting a business in Kansas. Also happens to be something we're working at making more interactive).
6. Make program managers and support associates more accessible.  
Contact information for program pages.  
Customer Service page available from any page on our web site. (24 hour access to us and our documents.)

Since September 2001:

Web site statistics:

- Over 150,000 requests for files (web pages or parts of web pages).
- Over 200 e-mails sent to associates through the web site alone.
- Over 150 program requests through the site's customer service page.

Although we monitor web site statistics, we tend to judge the site's success based on customer comments. New applications are being built based on customer requests, agency staff workload, and to respond to our own budget considerations. These are in deed exciting times on the Internet.

We also intend to launch a new web site targeted at the leisure traveler on March 1<sup>st</sup> at [www.travelKS.com](http://www.travelKS.com). This new site will allow the leisure traveler to locate a variety of destination types using either a geographic-oriented or "niche/interest"- oriented set of navigation tools. The current leisure travel web site database contains over 9,000 individual destinations. Content is provided by the state's travel industry and monitored by the KDOC&H.

We will continue to build new, useful customer service features and applications and are looking forward to providing our customers with great customer service as they define it. And, we will always be aware that every day, our web site is making a first impression.

Thank you and I would happy to take any questions you might have.

NEW ECONOMY  
2-5-02  
ATTACHMENT 1

**Kansas Department of Commerce and Housing**  
**2002 Proposed Legislation**  
**Requested to be Introduced by the House Committee on New Economy**

**Sale of Tax Credits**

- Allow businesses option to sell 50% of tax credits and fore-go remainder

**Clean-Up Language Requested**

- Change **investment tax credits** language to reflect that credits are available for investments that "exceed the historical average"
- Change **investment tax credits** language to allow credits for all years of multi-year investments if the Secretary of Commerce and Housing certifies the project is of major importance and over multiple years
- Change **investment tax credits** language to provide that investment in new equipment is no longer netted against the purchase price for determining available credits
  - Use depreciated book value instead

**Governor's Economic Action Plan Legislation – one bill**

- Double Enterprise Zone tax credits for projects "certified by the Secretary of Commerce and Housing as having committed to or commenced from July 1, 2002 to December 31, 2002"
- Tax credits equal to basic industry and manufacturing for retail development in counties with population less than 25,000